

ESSB 6001 - H AMD 743

By Representative Crouse

WITHDRAWN 4/12/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The following greenhouse gas emissions
4 reduction and clean energy economy goals are established for
5 Washington state:

6 (1) By 2020, reduce greenhouse gas emissions in the state to
7 1990 levels;

8 (2) By 2035, reduce greenhouse gas emissions in the state to
9 twenty-five percent below 1990 levels;

10 (3) By 2050, the state will do its part to reach global climate
11 stabilization levels by reducing emissions to fifty percent below
12 1990 levels or seventy percent below the state's expected emissions
13 that year;

14 (4) By 2020, increase the number of clean energy sector jobs to
15 twenty-five thousand from the eight thousand four hundred jobs the
16 state had in 2004; and

17 (5) By 2020, reduce expenditures by twenty percent on fuel
18 imported into the state by developing Washington resources and
19 supporting efficient energy use.

20 NEW SECTION. **Sec. 2.** (1) Executive Order No. 07-02 shall
21 provide the mechanisms for identifying the policies and strategies
22 necessary to achieve the economic and emission reduction goals of
23 section 1 of this act. Consistent with the Executive Order's
24 directive to seek a healthier and more prosperous future for
25 Washington state, agency and stakeholder representatives
26 participating in the Washington climate change challenge shall also
27 seek emission reduction policies and strategies that, to the
28 maximum extent possible, minimize economic disruptions and protect
29 jobs for Washington state workers, citizens, and businesses, while

1 avoiding policies and strategies that would result in the transfer
2 or outsourcing of economic advantages or jobs to other states,
3 regions, or nations.
4

5 NEW SECTION. **Sec. 3.** By December 31st of each even-numbered
6 year beginning in 2010, the departments of ecology and community,
7 trade, and economic development shall report to the governor and
8 the appropriate committees of the senate and house of
9 representatives the total greenhouse gas emissions for the
10 preceding two years, and totals in each major source sector.
11

12 NEW SECTION. **Sec. 4.** A new section is added to chapter 80.28
13 RCW to read as follows:

14 (1) In establishing rates for each electrical company regulated
15 under chapter 80.28 RCW, the commission shall adopt policies
16 allowing an additional return on investments to encourage meeting
17 energy requirements through distributed generation as defined in
18 RCW 19.285.030, and to accelerate efficiencies in electric
19 transmission and distribution systems that increase reliability and
20 reduce energy losses or otherwise increase the efficiency of energy
21 delivery to end-use consumers. These policies shall include but
22 are not limited to adding an increment of two percent to the rate
23 of return on common equity permitted on an electrical company's
24 other investments for prudently incurred investments in distributed
25 generation, and in measures that improve, as measured in kilowatt-
26 hour savings, the overall efficiency of transmission, distribution,
27 and end-use consumption of electricity through energy efficiency
28 technologies, including any device, instrument, machine, appliance,
29 or process related to the transmission, distribution, and
30 consumption of electricity to increase energy efficiency, including
31 but not limited to smart grid technology, smart meters, and demand
32 response technologies. The rate of return increment must be
33 allowed for a period, at the commission's discretion, of at least
34 seven but not more than thirty years after the investment is first
35 placed in the rate base. Measures or projects encouraged under
36 this section are those for which construction or installation is
37 begun after July 1, 2007, and before January 1, 2017, and which, at
38 the time they are placed in the rate base, are reasonably expected
39 to save, produce, or generate energy at a total incremental system

1 cost per unit of energy delivered to end use that is less than or
2 equal to the incremental system cost per unit of energy delivered
3 to end use from new baseload or peaking electric generation and
4 that the electrical company could acquire to meet energy demand in
5 the same time period.

6 (2) For purposes of this section, "commission" means the
7 utilities and transportation commission.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.16
9 RCW to read as follows:

10 (1) Subject to the limitations in this section, a consumer-
11 owned utility may claim a credit against the tax imposed under this
12 chapter.

13 (2) The amount of credit is equal to two percent of the amount
14 of qualifying investments made each fiscal year beginning July 1,
15 2007, in distributed generation, and in measures that improve, as
16 measured in kilowatt-hour savings, the overall efficiency of
17 transmission, distribution, and end-use consumption of electricity
18 through energy efficiency technologies, including any device,
19 instrument, machine, appliance, or process related to the
20 transmission, distribution, and consumption of electricity to
21 increase energy efficiency, including but not limited to smart grid
22 technology, smart meters, and demand response technologies.

23 (3) The credit may be claimed only after the qualifying
24 investment has been made. The credit shall be claimed against
25 taxes due for the same fiscal year in which the qualifying
26 investment has been made. The credit for each reporting period
27 shall not exceed the amount of tax otherwise due under this chapter
28 for the reporting period. Credits earned for any fiscal year shall
29 not be carried forward or backward and claimed against taxes due
30 for prior or subsequent fiscal years. Refunds may not be granted
31 in the place of a credit. Any unused credit expires.

32 (4) The total amount of credit that may be taken by a consumer-
33 owned utility for qualifying investments in a fiscal year is
34 limited to its base credit plus any ratable portion of unused base
35 credit as calculated by the department. The balance of base
36 credits not used by other consumer-owned utilities may be ratably
37 distributed to qualifying applicants under the formula in
38 subsection (7)(a) of this section. The total credit shall be

1 claimed against taxes due for the same fiscal year in which the
2 qualifying investments are made.

3 (5) The total amount of credit, statewide, that may be taken in
4 any fiscal year shall not exceed one million dollars.

5 (6) The department of community, trade, and economic
6 development shall determine and certify to the department those
7 investments made by a consumer-owned utility that qualify for the
8 credit under this section.

9 (7) Unless the context clearly requires otherwise, the
10 definitions in this subsection apply throughout this section.

11 (a) "Base credit" means the maximum amount of credit against
12 the tax imposed by this chapter that each consumer-owned utility
13 may take each fiscal year as calculated by the department. The
14 base credit is equal to the proportionate share of in-state retail
15 electricity revenues received by each consumer-owned utility in the
16 prior fiscal year that bears to the total amount of in-state retail
17 electricity revenues received by all consumer-owned utilities in
18 the prior fiscal year multiplied by one million dollars.

19 (b) "Consumer-owned utility" means a municipal utility formed
20 under Title 35 RCW, a public utility district formed under Title 54
21 RCW, an irrigation district formed under chapter 87.03 RCW, a
22 cooperative formed under chapter 23.86 RCW, a mutual corporation or
23 association formed under chapter 24.06 RCW, or port district within
24 which an industrial district has been established as authorized by
25 Title 53 RCW, that is engaged in the business of distributing
26 electricity to more than one retail electric customer in the state.

27 (c) "Qualifying investment" means investments in distributed
28 generation, and those measures under subsection (2) of this section
29 which, at the time they are placed in the rate base, are reasonably
30 expected to save, produce, or generate energy at a total
31 incremental system cost per unit of energy delivered to end use
32 that is less than or equal to the incremental system cost per unit
33 of energy delivered to end use from new baseload or peaking
34 electric generation and that the consumer owned utility could
35 acquire to meet energy demand in the same time period.

36 (8) This section expires July 1, 2037.

1 NEW SECTION. **Sec. 6.** Sections 1 through 3 of this act
2 constitute a new chapter in Title 43 RCW."

3 Correct the title.

EFFECT: Strikes the provisions of the underlying bill, which contained provisions relating to establishment of a greenhouse gas emissions performance standard, greenhouse gas emission reduction goals, legislative findings, and other related provisions.

 Establishes greenhouse gas emissions reduction and clean energy economy goals.

 Specifies that the Governor's Executive Order No. 07-02 shall provide the mechanisms for identifying the policies and strategies necessary to achieve the economic and emission reduction goals.

 Requires the Utilities and Transportation Commission to adopt policies to allow investor-owned utilities to receive an incremental two percent rate of return on common equity for investments that: (1) encourage meeting energy requirements through distributed generation; (2) accelerate efficiencies in electric transmission and distribution systems or (3) increase the efficiency of energy delivery to end-use customers.

 Allows consumer-owned utilities to claim an annual public utility tax (PUT) credit equal to two percent of investments in distributed generation or energy efficiency improvements. The total amount of credit for all consumer-owned utilities is limited to \$1 million per calendar year.